

Notice No.: 02-002

Date: February 20, 2002

Applies to: Phase 1 Public Employees' Retirement System (PERS)
Plan 2 Employers

Subject: Implementation of PERS Plan 3

Background

On March 1, 2002, Public Employees' Retirement System (PERS) Plan 3 becomes available for current PERS Plan 2 members and new PERS-eligible employees. Phase One of PERS Plan 3 implementation includes state agency and higher education employers. All current Phase One employees have the opportunity to transfer to Plan 3, from March 1 to August 31, 2002. New employees, who first establish PERS membership with a Phase One employer on or after March 1, 2002, will have the option to become a member of PERS Plan 2 or PERS Plan 3. The employee must make a choice within 90 days of their date of hire into a PERS-eligible position or they will default to Plan 3.

Reporting

Timely Reporting

Late or inaccurate reporting in a defined contribution plan such as PERS Plan 3 can affect members' investment returns. Employers are liable for the difference in these cases (RCW 41.50.145). Employers are encouraged to send Plan 3 member contributions and transmittal reports as soon as possible after each pay date so members' contributions can be invested without delay.

Reporting Transition

Phase 1 employers will submit their first PERS Plan 3 transmittal report in March 2002 (due by April 15, 2002). This transmittal report must be in the Multiple Record Layout (MRL). For reporting questions, refer to *DRS Notice 01-003* and the *Technical Requirements and Reporting Procedures for PERS Plan 3*.

Beginning March 2002, the paper transmittal will have a new design that allows employers to report member addresses and Plan 3 information. The Department of Retirement Systems (DRS) **will contact all employers currently using the paper reporting method to assist with the transition to an electronic method.**

Reporting Negative Defined Contributions

Employers can report negative defined contributions on the transmittal report if the contributions meet **both** of the following criteria:

- The negative contribution is less than 80 percent of the member's Plan 3 contributions, as reported by that employer.
- The amount of the negative contribution is less than \$1,500 of the member's Plan 3 contributions, as reported by that employer.

If these criteria are not met (e.g., due to reporting an employee that was not eligible for PERS), employers should contact Employer Support Services at (360) 664-7200, or toll free at 1-800-547-6657. PERS employers who report Plan 3 members of the Teachers' Retirement System should stop using the current paper process as of the March 2002 reporting period and begin reporting negative contributions on the transmittal report.

Changes to the Edit Messages Report

Each time an employer reports a new member of PERS, the *Transmittal Edit Messages Report* will include a list – entitled *Members with 90 Days to Choose Plan* – that identifies each new member's start date and deadline for making a choice between PERS Plan 2 and Plan 3. Use this information to help manage your internal process to ensure the member returns the required paperwork to you by the 90th day.

Member Notification

When an employer reports a new member of PERS, DRS will mail a letter to the member reminding them to notify their employer of their plan choice – and that if they do not choose by the 90th day, they will automatically become a member of Plan 3.

Upcoming Electronic Reporting Services

To support timely and accurate reporting, we are implementing new services that you can learn about by referring to **<http://www-app3.wa.gov/drs/eservices/employer/Info/ElectServ.asp>**. DRS will contact employers beginning in February 2002 to request that they sign up for the Web-Based Employer Transmittal (WBET) and the Member Status Verification (MSV) applications.

WBET allows all employers to submit Correction Transmittal Reports using the Internet. Employers with less than 30 members per system can switch from paper to WBET for their regular reports.

All employers can use MSV to verify the correct plan and/or the retirement status of new employees. For questions, contact Employer Support Services at (360) 664-7200, or toll free at 1-800-547-6657.

Forms

Enclosed, please find a series of forms that have been revised to include PERS Plan 3. All

employers should begin using the enclosed versions of these forms on March 1, 2002. Twelve copies of each form are included with this *Notice* – please make any additional copies and distribute them as needed. These forms can be accessed on the DRS Web site:
<http://www.wa.gov/DRS/forms/index.htm>.

Enclosed forms and summary of changes:

Forms	Changes
<ul style="list-style-type: none">• Plan 3 Member Information Form• Plan 3 Change of Investment Program Form• Transmittal Correction Report	Revised due to optional nature of PERS Plan 3.
<ul style="list-style-type: none">• Retirement Status Form	Now includes PERS Plan 3.
<ul style="list-style-type: none">• Plan 3 Payment Advice• Payment Advice Form• Credit Redistribution Form• Beneficiary Designation Form	Only instructions or form references have been updated.

Note: Please recycle previous versions of these forms.

DRS Employer Handbook

DRS will mail updates to the *DRS Employer Handbook* to all employers in February 2002. Employers should review the updated material to ensure a complete understanding of administrative changes due to the implementation of PERS Plan 3.

Questions?

If you have questions regarding the information in this *Notice*, please contact Employer Support Services at (360) 664-7200, or toll free at 1-800-547-6657. You can contact ESS by e-mail at DRSEmployer@drs.wa.gov. This *Notice* can be accessed on the DRS Web site:
<http://www.wa.gov/DRS/employer/drsn/index.htm>.

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